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FIRST COUNTRY COOPERATION FRAMEWORK FOR KUWAIT (1997-2000)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Kuwait outlines the focus of the UNDP programme of technical cooperation for the period 1997-2000. It is the product of an extensive consultative process between the Government and UNDP, including a productive policy dialogue with Kuwaiti ministerial officials.

2. The UNDP programme in Kuwait aims primarily to cooperate with the Government in attaining its national priorities in sustainable human development (SHD). The CCF provides the framework within which programmes and projects will be developed over the coming four years. The Government's proposed Economic and Social Development Plan for the period 1995-2000 and its Programme of Action for 1997-2000 serve as the primary points of reference.

3. Outlining the UNDP contribution to national goals, the CCF takes into account: (a) the Government's views on how UNDP can best contribute to addressing some of the development challenges facing Kuwait; (b) the mandate and comparative advantage of UNDP in a net contributor country; (c) the achievements and lessons learned from previous cycles of cooperation, including the mid-term review of the fifth country programme; and (d) a series of sectoral studies and recommendations developed as part of the fifth country programme. The first national human development report (NHDR), to be published in 1997, will help to identify benchmarks and indicators against which progress and impact of the programme will be measured and evaluated.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Main development indicators

4. Kuwait's socio-economic situation remains strong owing to its immense oil reserves and the Government's progressive policy to use the oil revenues to benefit its people. During the Iraqi invasion in August 1990, Kuwait had a high gross national product (GNP) per capita of $16,000 and maintained a solid economic and social infrastructure. With an effective welfare system, it earned a high human development index (HDI), ranking 45th among 160 countries. It has the following socio-demographic features:

(a) The 1996 Human Development Report ranked Kuwait 51 with an HDI of 0.836, a "high human development" range. According to the World Bank's Human Development Indicators 1997 report, life expectancy at birth in 1995 was 74 years for men and 79 years for women; adult illiteracy was 18 per cent among men and 25 per cent among women; and GNP per capita stood at $23,790. (Government 1996 figures estimated adult illiteracy at 10.8 per cent among men and 14.5 per cent among women);

(b) Women in Kuwait have achieved a very high level of social awareness, economic participation and have a favourable educational profile, with an enrolment ratio that equals or exceeds that of men at all educational levels. Kuwaiti women constitute 28 per cent of the labour force, 5 per cent of which

hold administrative and managerial positions and 58 per cent occupy professional and technical positions. Women hold very prominent public sector positions, particularly in the education sector, yet are also active participants in the private sector, in civil society institutions, community-based organizations (CBOs), and the Awqaf Fund, all geared to support community self-help development activities at the grass-roots level;

(c) The Iraqi invasion highlighted the environmental fragility of the desert area and the coastal region of the Arabian Gulf. As a result of quick actions after the war, environmental damage was rapidly contained: the oil fires were extinguished and the marine environment is now regenerating;

(d) Regarding poverty indices, Kuwait can be considered a nation with no poverty.

Challenges to sustainable development

5. Since development planning started in the 1950s, the Government sought to use its oil resources to improve the people's welfare and build its infrastructure and diversify its economy. So far, the Government has been providing all forms of assistance to the public and is excluding taxation as a source of national income.

6. Nevertheless, Kuwait faces several challenges that threaten the achievements of the past and the sustainability of the welfare State:

(a) The Government controls the single source of revenue (oil) and is the major employer. The private sector's growth depends on public sector spending;

(b) The national budget was in deficit even before major expenses were incurred for the war rehabilitation, and continues to grow because of several factors, the most important of which are the existing employment policy and the hesitancy to impose taxes and fees;

(c) The level of low-skilled expatriate labour continues to escalate, entailing a high social cost borne by society;

(d) The population mix continues to suffer an imbalance due to the persistent drop in the ratio of nationals to the total population.

7. These factors have produced a profound imbalance in the Kuwaiti economy, labour force, and social structure, exacerbated by the Iraqi aggression and the ensuing financial drain incurred in redressing the physical damage and the psychological impact after occupation.

Government development plans: a new vision for the future

8. Against this background, the Government prepared an Economic and Social Development Plan for the period 1996-2000 and a Programme of Action for the period 1997-2000. The Plan openly discusses the problems faced and identifies a series of measures to redress them; it then puts forward a new vision to take Kuwait into the twenty-first century, encompassing fundamental changes in

attitudes and behaviour patterns for individuals and for the entire society. One remarkable aspect of this vision emphasizes the human factor and the achievement of SHD. The Plan also lays the ground for changes in formulating and implementing development policies essential to achieve this vision.

9. Kuwait envisions a productive, stable, and secure society characterized by: (a) national stability and community cohesiveness strengthened by a sound correlation between the population structure and the economy; (b) a new concept of development that includes productivity and sustainability aspects; (c) national wealth developed and maintained by encouraging increased diversity of investment opportunities; (d) improved utilization of available material and human resources that shifts national economic performance from a concentration on materialistic structures to investment in human resources development; (e) increased private sector participation in supporting development efforts; (f) transfer of global scientific and technological advances into productive forces for the nation; and (g) a sustainable natural environment.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. The fifth country programme was developed for the 1993-1996 period based on the Transitional Development Plan formulated by the Government. The Plan aimed at guiding Kuwait's recovery and reconstruction in the aftermath of the Iraqi invasion and highlighted two key policy concerns for Kuwait: (a) the unbalanced population growth; and (b) the continued dependence on oil as the single source of income. UNDP support through the programme was in three broad areas: (a) development planning and public management; (b) human resources development; and (c) environment and natural resources management.

11. The mid-term review concluded that the main contribution of UNDP in the fifth country programme was in capacity-building. It also noted major achievements in: (a) breaking the traditional perception of UNDP as a recruiting agency for long-term experts; (b) moving gradually towards a programmatic goal-oriented time-bound approach; and (c) introducing the national execution modality, which enhanced the Government's sense of ownership, commitment, and flexibility in project implementation.

12. Some of the key lessons learned from the past programming cycle are:

(a) The fifth country programme experience and the resulting acceptance of UNDP by the Government as a development partner clearly demonstrates the viability of a UNDP presence in a net contributor country;

(b) The most relevant UNDP comparative advantage of a programme fully funded by the Government is the ability of the organization to identify and place impartial, high-quality experts;

(c) Concentrating on key upstream areas enables UNDP to reach the highest levels of Government and to participate and support the decision-making process;

(d) Providing high-quality service and expertise is vital to net contributor countries, given their ability to seek the same from private sector sources;

(e) Project monitoring and evaluation gain more importance within the national execution modality since undetected flaws could dilute UNDP's competitive edge.

III. PROPOSED STRATEGY AND THEMATIC AREAS

13. The first CCF seeks to cooperate with the Government in attaining its national SHD priorities as stated in the Government's Programme of Action for the period 1996-2000.

14. The following factors influenced the areas and modalities for UNDP cooperation:

(a) Kuwait is a net contributor country - the UNDP country programme is entirely funded by the Government. This has extremely important consequences in the design and implementation of the country programme since the relationship of the Government with UNDP is a partnership where both sides must strive to maximize their objective functions;

(b) The Government seeks cooperation for its impartiality in policy dialogue and for its access to the best advice and consulting services through its network of country offices. The UNDP stand on SHD is also perceived to coincide totally with that of the Government;

(c) Kuwait sees UNDP as a source of technical and methodological guidance in implementing policy, a channel for networking and information sharing, and a facilitator for programme implementation efforts. Hence, it favours UNDP collaboration at the upstream level;

(d) The new vision to take Kuwait into the twenty-first century, put forward by the proposed Economic and Social Development Plan, together with the SHD emphasis in Programme of Action, constitute an unprecedented window of opportunity for advocacy of the SHD concept and mainstreaming it in formulating national priorities and strategy alternatives.

15. Given the above, the UNDP programme will act simultaneously on three fronts:

(a) UNDP will work with the Government at the upstream advocacy, policy, and strategy levels to create an enabling environment for SHD.

(b) UNDP will collaborate with the Government in addressing some of the country's specific development challenges, thus creating capacity-building for SHD.

(c) UNDP will work with the Government in strengthening and developing tools and mechanisms to facilitate the implementation of these two programmes.

A. Enabling environment for sustainable human development

16. The Government's Programme of Action focuses on issues and problems impeding development and the interests of Kuwait's citizens. To this end, the Programme of Action will apply a new development concept based on the values of a productive society and sustainable development benefiting present and future generations. The contribution of UNDP to this effort is described below.

Advocacy of sustainable human development

17. National programme context and ownership. Although SHD is not a new concept in Kuwait, this is the first attempt to place it at the centre of development thinking and as the overall framework for planning. A major effort is therefore required to create awareness, and to sensitize and educate policy makers and other participants in the development process.

18. UNDP proposed actions. Based on its widespread expertise and its ability to draw on the experience of other countries, UNDP will develop a comprehensive programme of SHD advocacy. This programme will help to explain the concept among all segments of society and its adoption in the planning process; it will also give it a central role in the implementation of the Government's Programme of Action.

19. Expected results. The aim is to produce an action-oriented SHD advocacy programme that will be adopted by the Government; enhance public awareness of the SHD concept; and mainstream SHD in the planning process.

Long-term development prospective studies

20. National programme context and ownership. The adoption of SHD as the driving force in development planning for the twenty-first century requires a long-term vision for the overall framework in which medium- and long-term development strategies will be formulated.

21. Proposed UNDP actions. The UNDP programme will assist in developing appropriate methodologies and providing substantive inputs to a series of studies projecting Kuwait's future position in several key SHD-related areas. These studies will assist the Government in striking a balance between taking advantage of the current globalization process and providing a secure and stable environment.

22. Expected results. It is foreseen that the Government will have a clear vision of where Kuwait will stand in the future globalized world economy. This unified vision will be used as a basis for all the other medium-term planning exercises and will enhance the Government's capacity to produce long-term projections of the specific sectors' position in Kuwait's economy.

B. Capacity-building for sustainable human development

23. In keeping with the Government's views on how best UNDP can contribute to Kuwait's development efforts, and as a direct response to the identified challenges, the programme of capacity-building for SHD will have four subprogrammes which will aim to: (a) strengthen the role of the private sector; (b) support the role of civil society institutions; (c) redress imbalances in the national labour force; and (d) improve the education and training systems. In each subprogramme, UNDP has been called upon by the Government to: (a) make the experience of other regions available to Kuwait's policy-makers; (b) provide technical and methodological guidance in policy implementation; (c) serve as channel for networking and information sharing; (d) share the latest thinking on each specific area; and (e) support, when needed, the implementation of the ensuing national programmes.

Strengthening the role of the private sector

24. National programme context and ownership. The imbalance in the roles of Kuwait's public and private sectors and the resulting distortion in the national labour force impede SHD and the Government's efforts to redirect its human resources capacities towards productive activities. The Government has historically assumed the role of providing incomes and livelihoods. However, the increasing demands of development in the context of diminishing resources makes this form of welfare state unsustainable. A key element in creating a sustainable system is to strengthen and expand the private sector to make it capable of sharing this burden by effectively participating in the economy and sharing the social responsibility of creating jobs to sustain the highest possible standard of living.

25. Proposed UNDP actions. The UNDP programme will cooperate with the Government in strengthening the role of the private sector by sharing similar experiences and introducing appropriate methodologies and techniques to transform the private sector into a generator of wealth, a creator of sustainable employment, and an alternative service provider. The programme will also contribute to the legislative and regulatory reform process to remove impediments to investment and transfer of capital and the bureaucratic hurdles that hamper the expansion of the sector and the development of a system of incentives and appropriate credit facilities.

26. Expected results. It is foreseen that concrete measures will be adopted to strengthen the role of the private sector in the economy; legislation will be enacted to facilitate the expansion of the sector; and an increased percentage of the population will be employed by the private sector.

Supporting the role of civil society institutions

27. National programme context and ownership. The Government's Programme of Action aims to expand the participation of civil society institutions in the development process to encourage voluntarism in meeting society's needs. This will capitalize on the existing formal and informal patterns of association that enrich the culture and provide important public forums for Kuwaiti society.

28. Proposed UNDP actions. The UNDP programme will cooperate with the Government in exploring further areas to involve civil society institutions and to encourage their increased participation and integration into the national development process.

29. Expected results. It is foreseen that areas will be identified and modalities adopted for civil society institution participation in the development process; the partnership will be strengthened between the Government and CSIs; and an appropriate coordination mechanism will be established.

Redressing imbalances in the national labour force

30. National programme context and ownership. The major challenge facing the Government's development efforts is the distorted national labour market. The public sector employs over 92 per cent of the national work force and bears the burden of finding employment for new entrants to the job market. The problem is exacerbated by an increasingly young population (44 per cent under the age of 15); the considerable disguised unemployment among nationals; the drain on foreign exchange through transfers by expatriates; and the resulting imbalance in the population mix, with all its social, economic and political ramifications.

31. Proposed UNDP actions. UNDP will help to develop a programme of studies and comparative analysis to prepare concrete proposals and formulate alternative scenarios for tackling the problem in its social, economic, and administrative aspects. UNDP efforts will concentrate on: (a) improving the mobility of the work force towards the private sector to reduce public sector employment; (b) strengthening the ability of the private sector to absorb more workers and to create more opportunities for sustainable employment; (c) promoting productive work values among Kuwaitis; and (d) intensifying the coordination and better direction of human resource development efforts.

32. Expected results. It is foreseen that the linkage between human resources policies will be explored and the private sector expanded; the above proposals will be transformed into government programmes; a shift will take place in the employment trends, diminishing the relative weight of public sector employment.

Improving education and training systems

33. National programme context and ownership. The Government's Programme of Action aims to develop a mechanism to ensure total complementarity among the various education and training institutions. It seeks to guarantee the best use of human and financial capacities, channelling all their efforts towards the single objective of qualifying young Kuwaitis to assume a productive role, matching the available work opportunities in the public and private sectors.

34. Proposed UNDP actions. The UNDP programme will help to enhance the efficiency of the education and training system through three targeted programmes that will aim to: (a) expand the role of the private sector in the educational system, thus creating greater competitiveness; (b) introduce technology-based education methodologies and approaches; (c) formulate an action plan to rationalize the various vocational and technical training institutions;

and (d) adapt curricula and training programmes to the evolving needs of the job market.

35. Expected results. It is foreseen that there will be an increase in the number of private education institutions; an action plan to rationalize vocational and technical training institutions will be adopted and implemented by the Government; and curricula and training programmes will be updated and introduced in the school system. Overall, an educational system that responds to the labour market needs will have been achieved.

C. Strengthening and developing mechanisms and tools for implementation

36. The Government's Programme of Action places the development of the capacities and efficiency of the planning systems at the top of its priorities to achieve SHD. It also stresses the importance of developing proper monitoring and evaluations mechanisms and building the appropriate systems and tools to generate and utilize timely and reliable information. The UNDP contribution to this effort is described below.

Strengthening the national planning system

37. National programme context and ownership. The insufficient use of planning tools and mechanisms using the latest scientific and technological advances is hampering the planning and implementation of the Government's ambitious Programme of Action. Nevertheless, planning is essential to provide the Government with a comprehensive vision of the future, including objectives, limitations, results and costs. Without an effective planning system, the Government cannot raise the credibility of the decision-making process and accurately determine the direct and indirect social, political and economic costs of such decisions.

38. Proposed UNDP actions. The UNDP programme will: (a) review the enabling legislation and operational mandates of the various bodies involved in the planning process (Higher Planning Council, Ministry of Planning and Planning Departments in the line Ministries) and the preparation of recommendations for their integration into a more effective planning tool; (b) draw upon successful planning models in other regions, such as South-East Asia; (c) contribute to the Government move towards indicative planning and the involvement of various segments of society in the planning process; and (d) devise the most appropriate methodologies for re-training and upgrading the skills of planning practitioners.

39. Expected results. It is foreseen that managerial and technical capacity will be enhanced for the development and execution of the Government's planning objectives and translate them into programmes of action; legislation will be passed integrating the various planning bodies and concrete actions, thereby improving their coordination and defining their respective roles; and indicative planning will be adopted among policy makers.

National information management

40. National programme context and ownership. In its Programme of Action, the Government recognizes the need for accurate and timely information that is accessible to all those involved in development as the cornerstone of the planning process. The system currently in place hampers this goal. Coordinating the existing sources and proper management of the information and its use are essential towards this end.

41. Proposed UNDP actions. The UNDP programme will assist the Government in managing information production and utilization by: (a) developing a plan of action to establish effective linkages between the various other sources of information and the newly established central system; (b) providing training and developing systems to manage and use the proposed information warehouse; (c) identifying via the experience in other countries the most appropriate mechanism to ensure the widest possible access to the system by all the segments of society concerned.

42. Expected results. It is foreseen that a more reliable and comprehensive system will be established for the production and use of information; an information warehouse will be created and widely used by all development practitioners in their day-to-day work; and the capacity of the Government to manage and produce information will be enhanced.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

43. First applied in Kuwait during the fifth country programme implementation, national execution has gradually become the major mode of execution. National execution projects constituted 36 per cent of the total resources allocated under the fifth country programme. Despite insufficient experience with this modality, and as concluded by the November 1996 mid-term review, it has made a clear impact on perceived ownership, commitment and efficiency. Hence, the CCF will utilize national execution as the sole implementation modality. Technical cooperation among developing countries, in particular the exchange of experiences among Gulf countries, will be considered.

44. Implementation will be through the respective Government agencies under the overall direction of the Ministry of Planning. The experience and technical competencies of the United Nations system will be drawn upon as appropriate. The possibility of subcontracting with United Nations implementing agencies such as the United Nations Office for Project Services may also be explored.

Monitoring and evaluation

45. All projects will undergo standard UNDP monitoring and evaluation procedures, including progress and technical reports, meetings and visits. The programme will be jointly reviewed on an annual basis.

Resource mobilization

46. Kuwait will continue to be a net contributor country throughout the CCF period. The level of cooperation agreed upon at $16 million will be reviewed in the context of the annual programme reviews and adjusted as required to maintain a resource pipeline to accommodate identified projects and programmes.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR KUWAIT (1997-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(46)	Amount shown represents pending government cost-sharing contribution.
TRAC 1.1.1	-	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	-	
Subtotal	(46)[a]	
NON-CORE FUNDS		
Government cost-sharing	16 000	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	16 000	
GRAND TOTAL	15 954[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.